

Message Text

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70

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 H-02 L-03 PA-02 PRS-01 ITC-01 AGR-10 /125 W

----- 129419

R 131513Z MAY 76

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 2665

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USDEL MTN GENEVA

UNCLAS COPENHAGEN 1620

E.O. 11652: N/A

TAGS: EFIN, DA

SUBJECT: DANISH GOVERNMENT BORROWING ABROAD

REF: COPENHAGEN 1545, (B) 75 COPENHAGEN 3542

1. FINANCE MINISTER HEINESEN HAS ASKED PARLIAMENT FOR A TWO-BILLION KRONE (\$330 MILLION) INCREASE IN THE AUTHORITY TO BORROW ABROAD EVEN THOUGH THE PRESENT BORROWING AUTHORITY HAS NOT BEEN FULLY UTILIZED. THIS REQUEST, WHICH IS LIKELY TO

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BE GRANTED BEFORE PARLIAMENT'S SUMMER RECESS IN EARLY JUNE,

IS DESIGNED TO BOLSTER RESERVES AGAINST POSSIBLE FUTURE PRESSURES. AS REPORTED IN REFTEL, THE PAYMENTS DEFICIT THIS YEAR MAY EXCEED PRIOR ESTIMATES, AND DANISH BANKS EXPECT THE INTERNATIONAL LOAN MARKET TO TIGHTEN IN THE SECOND HALF OF 1976.

2. THE NEW AUTHORITY, COUPLED WITH EXISTING ARRANGEMENTS, WOULD GIVE THE GOVERNMENT ACCESS TO A TOTAL OF \$1,130 MILLION FUNDS TO BE BORROWED FROM ABROAD, AS FOLLOWS: \$330 MILLION IN NEW AUTHORITY, \$380 MILLION OF UNUTILIZED EXISTING AUTHORITY, AND \$420 MILLION OF LOANS CONTRACTED FOR BUT NOT YET DRAWN DOWN. AS NOTED IN THE REFERENCE CABLE, THE GOVERNMENT HAS BEEN ABLE THROUGH PREVIOUS BORROWING TO COVER DEMANDS FOR FOREIGN EXCHANGE IN 1976, EVEN THOUGH TRADE AND PYAMENTS DEFICITS HAVE BEEN GROWING.

3. ON THURSDAY, MAY 20 THE GOVERNMENT PLANS TO SIGN A LOAN AGREEMENT WITH 10 FOREIGN BANKS (FIVE US, FOUR EUROPEAN, AND ONE CANADAIN, WITH CASE MANHATTAN ACTING AS AGENT) FOR \$200 MLLION. STRUCTURE OF THIS LOAN IS ALMOST IDENTICAL WITH \$300 MILLION LOAN, MANAGED BY THREE AMERICAN BANKS, WHICH WAS SIGNED LAST DECEMBER (SEE REFTEL B). THE NEW LOAN WILL USE UP \$200 MILLION OF THE \$380 MILLION EXISTING AUTHORITY NOTED IN PARA 2 ABOVE.
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Message Attributes

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